



# Clutha Trust

Our People - Your Business - Your Trust

Clutha Licensing Trust – Operating Since 1956



*Rosebank Lodge*



*Clutha Liquorland*



*Kink n the Road Bar & Bistro @ the White Horse Inn*



*Oak Tree Inn*



*Hotel South Otago*

2  
0  
1  
4



*Catlins Inn*



*Bridge Tavern*

**PRESENTING THE ANNUAL REPORT & FINANCIAL ACCOUNTS FOR THE PERIOD ENDING 31 MARCH 2014**



Clutha Trust

Our People - Your Business - Your Trust  
Clutha Licensing Trust – Operating Since 1956



**The Trust** – During this fiscal year the Trust Board experienced a number of significant changes to its operating structure following the tri-annual local body elections in October 2013. Three long serving members did not seek re-election and another was unsuccessful in obtaining reappointment. These persons included the President, Vice-President and the Chairman of our Audit & Finance committee.

At the November 2013 meeting I was nominated and appointed to the office of President for the Trust and with the support, focus and commitment of my fellow Trustees we aim to turn around what can only be described as an extremely challenging and disappointing trading year, however before I make comment on the financial performance for the year, I would like to welcome and congratulate the members of the Trust Board.

I have pleasure in welcoming Steve Morris (Balclutha Ward), Scott McKenzie (Clinton Ward), Ian (Icky) Carruthers (Tokomairiro Ward) & Joy Greene (Kaitangata Ward) to the Board and congratulate the reappointment of Doug Scoles (Owaka Ward) who was appointed as our new Vice-President, Julie Gardner (Chairman Audit & Finance Committee), Jason Lyders and Robert (Tiny) Agnew.

On behalf of the Trust Board I now present the Trust's Annual Trading & Financial report as follows:

**Trading & Financial** – The financial summary presented alongside this report is far from satisfactory and it will be the Board's driving ambition, with increased focus to ensure that management (at all levels) are held accountable for improved results in this coming year and beyond. In working through the details of these accounts it was noted that there were a number of underlying factors contributing to this dramatic decline, with the largest being a huge slump in our trading volumes, especially from the accommodation sector.

This slump followed 3-4 years of increased sales volumes for the Trust (whilst others nationally were experiencing difficult trading, some to the point of closure) and this year we experienced an unforeseen sales volume decline. The accommodation sector (whilst a small sector on its own within our business) experienced a 15.5% decline for the year versus last, most of this from our corporate market. It appears that some of these corporates were under pressure to reduce costs, so instead of overnight stays, they changed their visits to day calls, which meant reduced bed nights, hosted dinners, breakfasts and refreshments alike, all reducing and/or eliminating this income from our accounts.

During this period of decline we made a commitment to retain our labour base, to ensure that when things improved we had a skilled base to service the market. It was unfortunate to note, that just prior to and just after the commencement of this year, we saw three (3) sites change management in reasonably quick succession and for varying reasons. These properties were the Rosebank Lodge - Balclutha, the White Horse Inn - Milton and the Catlins Inn – Owaka and as with any change it takes a little time to resettle the internal base and the market and we are pleased to say things are strengthening at each of these sites.

Our On & Off Premise market (bars & bottle stores) also struggled to achieve the same volumes to last and prior years and we are only just now experiencing a very slight lift in the market in these sectors.

Our Sales Margins were tighter by 0.6% and our expenses reduced by 0.6% over last year, but with a fair majority of fixed costs within this breakdown, it was difficult to reduce costs to meet the level of sales being generated.

Depreciation allowances within our accounts were \$539,527, which with the removal of our loss at \$(294,082), gave the Trust a cash surplus of \$245,445 for the year.

Our Auditors have strongly highlighted that we can ill afford to continue with similar patterns in this current and ensuing year/s, so we are committed to improving our performance from this point forward and delivering better returns to our stakeholders, YOU the South Otago public.

We have started this fiscal year on an improved footing, albeit it small over the winter months, but we feel confident that with planned operational improvements, we can grow this business and deliver a more pleasing results next year and more importantly on a continued basis.

The Trustees would like to promote a stakeholder “**Feedback**” opportunity, whereby we would welcome your views and/or comments about the Trust’s businesses and/or properties. To do this simply send a message via our enquiry link on our website: <http://www.clt-trust.co.nz/enquiries.html>. At the end of October 2014 we will complete a prize draw for a **\$250.00** Clutha Licensing Trust Gift Voucher for all those who have submitted a comment or two. We will treat your comments confidentially at all times and they will not be used in any forum, other than directly with the Trust Board.

**Property Developments** – We highlighted in last year’s annual report that we planned to improve the Captain’s Café at the Hotel South Otago, as this is well overdue. But following a complete Trust Premise review earlier this year, it was decided to explore alternative options for this area, with plans yet to be confirmed.

It is very much in line with our thinking that our premises must meet the market and in some quarters we are finding ourselves falling well short of this mark.

Over recent years we have made significant environmental improvements around most of our properties, but there’s always more that can be completed. We hope that with your support within our businesses, we may deliver far better options in the future, so please get into our venues and support the Trust where possible.

**Liquor Legislation Changes** – On December 18, 2013 the new Sale and Supply of Liquor Act 2012 came into force, with more changes pending later this year following the introduction of reduced driver breath alcohol screening levels. Ultimately, we want all our customers to have an enjoyable time whilst frequenting our premises and we also want to ensure they return home safely afterwards. We are committed to ensuring that we offer an acceptable (but controlled) courtesy coach service from all our premises and we are also committed to working within the new legal parameters, which has seen an increased focus on intoxication and anti-social behaviour within licensed premises.

Some may think our level of environmental control since this introduction of this new Act (or prior) has been a little excessive, but we are continually advised that we are still somewhat lenient in our approach to intoxication and further improvements are required.

Without our liquor licenses we have no business, so we are focused to ensure that we control our bars with a firm, but fair approach for the enjoyment of all, not the few.

If you have views on this matter, please forward your comments as per our invitation above and we can ensure your voice is considered in our approach.

**The Trusts Community Foundation Limited** - supported 55 groups and organisations within South Otago during the 2013/14 period to the value of \$419,985.43 (refer to the attached schedule of recipients), compared with 50 applications during the previous period totaling \$394,769.

The Clutha Licensing Trust also distributed **\$13,203** in sponsorships to community groups within our district during the past year.

In closing, I take the opportunity to thank my fellow Trustees for their support and commitment during the past year and I wish to thank our management team and all our staff for the dedication and commitment they have afforded the Trust and myself during this year.

Kind Regards, Blair Cross – President.



## CLUTHA LICENSING TRUST SUMMARY FINANCIAL REPORT

STATEMENT of COMPREHENSIVE INCOME for the year ended 31 March 2014			STATEMENT of FINANCIAL POSITION as at 31 March 2014		
	2014	2013		2014	2013
<b>Operating Revenue</b>			Current Assets	1,800,654	1,788,566
Sales	8,838,829	9,314,814	Non-current Assets	7,095,412	7,389,551
Other Income	468,384	525,704	<b>Total Assets</b>	<b>8,896,066</b>	<b>9,178,117</b>
<b>Total Operating Revenue</b>	<b>9,307,213</b>	<b>9,840,518</b>	Current Liabilities	1,467,393	1,219,724
Less Expenses	9,562,082	9,820,162	Non Current Liabilities	29,844	325,703
Less Finance Costs	24,007	20,490	<b>Total Liabilities</b>	<b>1,497,237</b>	<b>1,545,427</b>
<b>Operating Surplus before Taxation</b>	<b>(278,876)</b>	<b>(134)</b>	<b>Net Assets</b>	<b>7,398,829</b>	<b>7,632,690</b>
<b>Taxation</b>	<b>15,206</b>	<b>79,723</b>	<b>Represented by:</b>		
<b>Operating Surplus after Taxation</b>	<b>(294,082)</b>	<b>(79,857)</b>	Revaluation Reserves	2,969,598	2,909,377
Revaluation of Other Financial Assets & Equipment	60,221	0	Retained Earnings	4,429,231	4,723,313
<b>Total Comprehensive Income</b>	<b>(233,861)</b>	<b>(79,857)</b>	<b>Total Equity</b>	<b>7,398,829</b>	<b>7,632,690</b>
STATEMENT of MOVEMENT in EQUITY for the year ended 31 March 2014			STATEMENT of CASH FLOWS for the year ended 31 March 2014		
	2014	2013		2014	2013
Equity at the beginning of the year	7,632,690	7,712,547	Cash flows from Operating Activities	131,132	487,455
Total Comprehensive Income	(233,861)	(79,857)	Cash flows from Investing Activities	(180,476)	(340,584)
<b>Equity at 31 March 2014</b>	<b>7,398,829</b>	<b>7,632,690</b>	Cash flows from Financing Activities	0	0
			<b>Net Increase/(Decrease) in Cash</b>	<b>(49,344)</b>	<b>146,871</b>
			Opening Cash Brought Forward	712,230	565,359
			<b>Closing Cash</b>	<b>662,886</b>	<b>712,230</b>

### SUMMARY OF ACCOUNTS

These summary financial statements for the Clutha Licensing Trust for the year ended 31 March 2014. The specific disclosures included in this Summary Financial Report have been extracted from the full financial statements dated 4 September 2014. The full financial statements have been prepared in accordance with NZ IFRS and Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They are a qualifying entity in that it qualifies for Differential Reporting as it is not large as defined under the Framework for differential reporting. The Trust reports as a Tier 3 profit oriented entity as the Trust is not large (as defined by XRB A1). The summary financial statements have been prepared in accordance with FR-43 "Summary Financial Statements".

The Summary Financial Report cannot be expected to provide a complete understanding as provided by the full report of the financial performance, financial position and cash flows of the Trust.

The Trustees of the Clutha Licensing Trust authorised the issue of the full financial statements on 4 September 2014.

The Trust is a profit oriented entity registered in New Zealand under the Sale and Supply of Alcohol Act 2012.

These financial statements have been presented in New Zealand dollars.

There were contingent liabilities in 2014 of \$40,000 (2013: \$40,000) to the TAB, but no contingent assets or capital commitments that existed at 31 March 2014. There were non-cancellable operating lease commitments at balance date of \$246,161 (2013 \$134,776).

There were related party transactions as the Trustees are involved with local businesses who have dealings with the Trust. In 2014, transactions amounted to \$95,209 (2013: \$95,715) GST exclusive.

The full financial statements for each period presented in this summary have been audited and an unmodified audit opinion has been expressed.

A copy of the full financial statements may be obtained on request from the Trust's Head Office, 265 Clyde Street, Balclutha. For and on behalf of the trust.

GEB Cross  
Chairman of the Trust  
4 September 2014

DE Scoles  
Vice President of the Trust  
4 September 2014

## ***THE TRUSTS COMMUNITY FOUNDATION GRANTS***

The Trusts Community Foundation (TTCF) is the preferred gaming machine service provider for the Clutha Licensing Trust and operates its gaming machines at the following venues:

- Bridge Tavern, Kaitangata
- Catlins Inn, Owaka
- Hotel South Otago, Balclutha
- Oak Tree Inn, Clinton
- Rosebank Lodge, Balclutha
- White Horse Inn, Milton

Management and staff at these outlets are acknowledged for providing their ongoing support to TTCF's class 4 gaming machine operation in such a diligent manner.

TTCF is authorised to operate class 4 gaming machines in licensed premises on a nationwide basis and has always had strong links with the Licensing Trust sector. The Foundation currently provides services to 7 individual Licensing Trusts here in New Zealand and has always had a policy of distributing all pokie profits generated from venues within a Licensing Trust area directly back into the local community.

An amendment to the Gambling Act shortly after it came into force made provision for elected members of Licensing Trusts to have an input into TTCF's grants approval process by way of making recommendations to TTCF. Accordingly, TTCF invites the elected members of the Clutha Licensing Trust to consider all compliant applications received from within the Clutha Trust boundaries on a monthly basis. TTCF subsequently considers these recommendations at their next scheduled Net Proceeds Committee meeting.

The recommendations of the elected members of the Clutha Licensing Trust, utilising their extensive local knowledge, has been invaluable in terms of ensuring the needs of the local community are being met.

These are the grants approved by TTCF in the last financial year from funds generated in the Clutha Licensing Trust area:

• Balclutha Associated Football Club Inc	\$5,000.00
• Balclutha Golf Club Inc	\$20,000.00
• Balclutha Junior Soccer Club	\$1,500.00
• Balclutha Kindergarten Assn Inc	\$1,000.00
• Balclutha Pipe Band	\$6,000.00
• Balclutha Primary School PTA	\$10,000.00
• Balclutha Scouts	\$3,000.00
• Bowls South Otago Inc	\$2,000.00
• Catlins Area School	\$5,500.00
• Catlins Coast Incorporated	\$4,500.00
• Citizens Advice Bureau Dunedin Inc	\$2,000.00
• Clutha Country Music Club Inc	\$2,600.00
• Clutha District Library	\$599.00
• Clutha Guards Under 16 Marching Team	\$1,130.00
• Clutha Rugby Football Club - Schoolboy Rugby	\$2,000.00
• Clutha Rugby Football Club	\$5,000.00

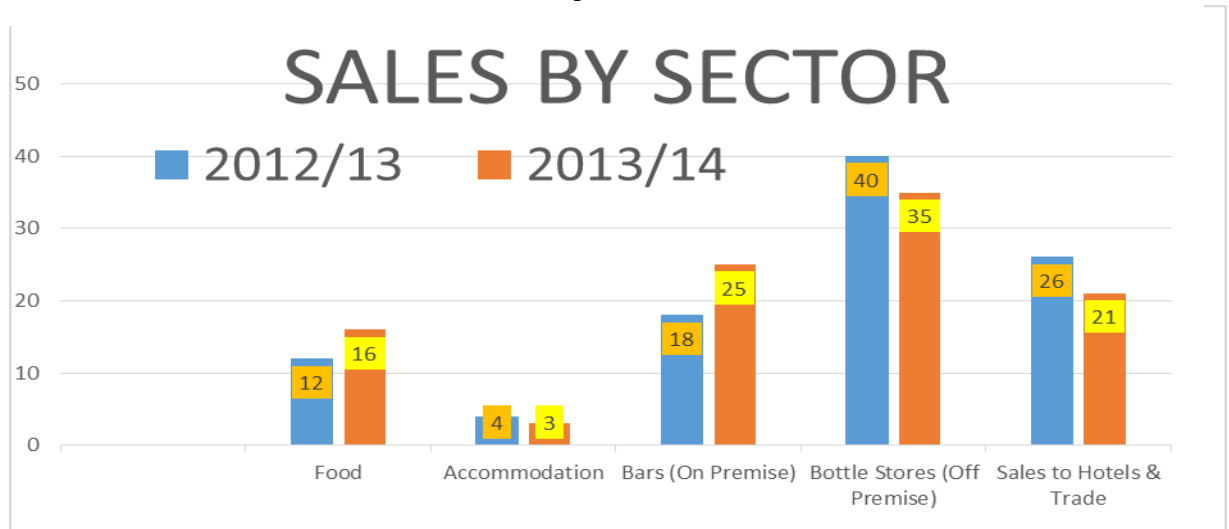
## **THE TRUSTS COMMUNITY FOUNDATION GRANTS**

• Clutha Valley Parent Teacher Association Inc	\$2,000.00
• Clutha Valley Recreation Ground Society Inc	\$5,000.00
• Conductive Education (Southern) Charitable Trust	\$3,000.00
• Crescent Rugby Football Club Inc	\$3,000.00
• Environmental Education for Resource Sustainability Trust	\$1,000.00
• Friends of Children in Hospital	\$5,000.00
• Jenny's Companionship Group	\$1,400.00
• Kaitangata Black Gold Heritage Group	\$6,000.00
• Kaitangata Golf Club Inc	\$10,000.00
• Kaka Point Bowling Club Inc	\$4,896.00
• Lawrence Area School	\$4,000.00
• Life Education Heartland Otago/Southland Trust	\$5,000.00
• Maniototo Area School	\$2,000.00
• Milton Primary Home and School Assn Inc	\$15,000.00
• Otago Shearing & Woolhandling Committee	\$6,284.00
• Owaka Combined Sports Bodies	\$12,000.00
• Owaka Golf Club	\$15,000.00
• Presbyterian Support Otago	\$4,000.00
• Romahapa Hall Society Inc	\$4,000.00
• Roman Catholic Diocese of Dunedin Catholic Social Services	\$2,500.00
• South Otago Agricultural and Pastoral Society	\$6,000.00
• South Otago Athletic Club Inc	\$2,771.00
• South Otago Festival Trust	\$10,000.00
• South Otago Heritage Society	\$9,512.00
• South Otago High School	\$6,859.00
• South Otago Justices of the Peace Assn Inc	\$2,000.00
• Special Olympics South Otago	\$2,576.00
• SPELD New Zealand Inc	\$24,000.00
• Sport Otago	\$25,000.00
• Tahakopa Memorial Hall Committee	\$10,000.00
• The Order of St John - Clutha	\$5,000.00
• The Owaka Swimming Baths Committee Inc	\$2,500.00
• Toko Rugby Football Club Inc	\$11,000.00
• Tokomairiro A&P Society	\$5,019.00
• Tokomairiro Early Learning Centre	\$10,000.00
• Tokomairiro High School	\$5,000.00
• Tokomairiro High School Netball Club	\$1,362.00
• Tuapeka Aquatic Centre	\$100,000.00
• Waiwera South School	\$2,000.00
<i>Less Refunds Received</i>	<i>-\$3,522.57</i>

**ANNUAL ALLOCATION TOTAL = \$419,985.43**

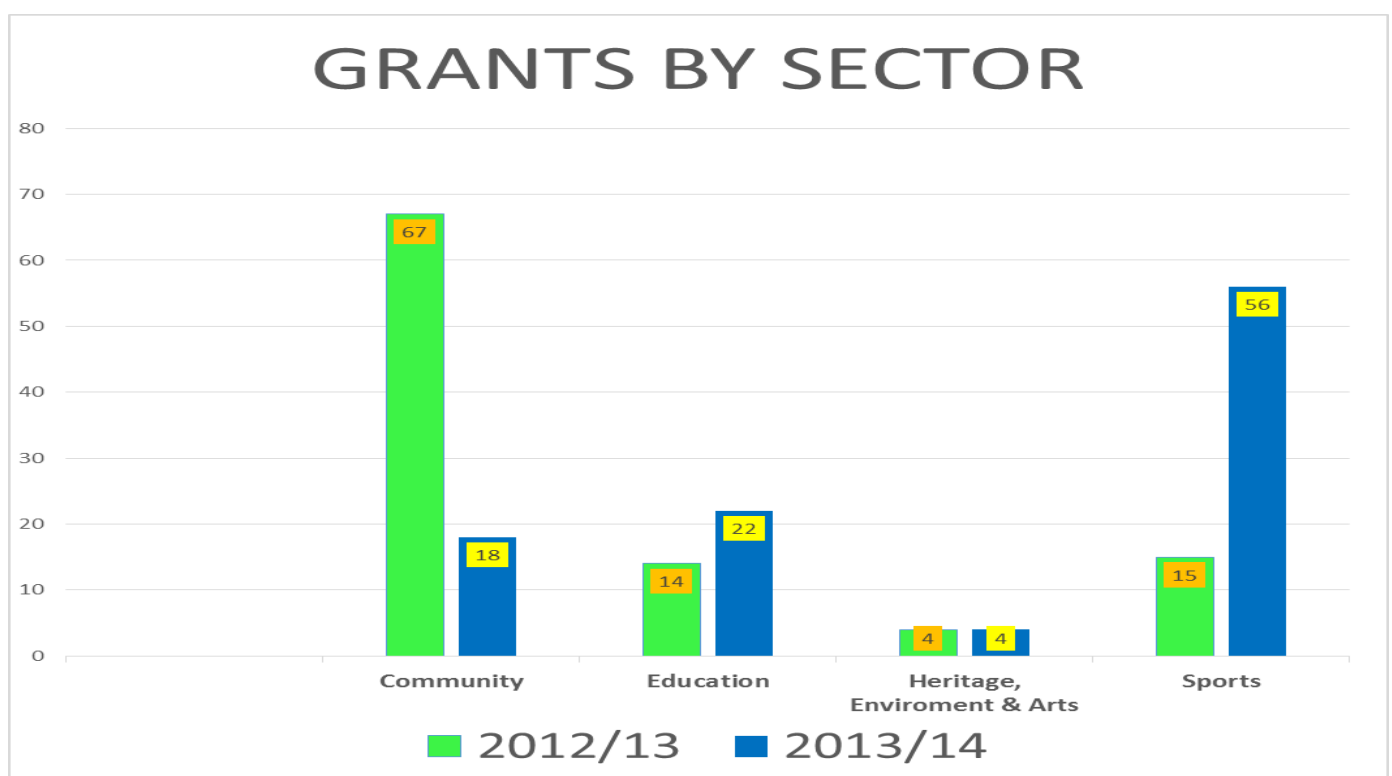
# FINANCIAL GRAPHS

## TOTAL SALES BREAKDOWN for 2012/13 versus 2013/14



# GRANT ALLOCATIONS

## FUNDING BREAKDOWN for 2012/13 versus 2013/14



## **Community Elected Trustees**

Mr G.E.B. (Blair) CROSS (President) – <i>Balclutha Ward</i>	- elected 2010
Mr D.E. (Doug) SCOLES (Vice-President) – <i>Owaka Ward</i>	- elected 1993
Mrs J. D. (Julie) GARDNER – <i>Balclutha Ward</i>	- elected 2007
Mr R.G. (Tiny) AGNEW – <i>Tokomairiro Ward</i>	- appointed August 2011
Mr J.F.R (Jason) Lyders – <i>Lawrence Ward</i>	- elected 2012
Mrs M.J. (Joy) Greene – <i>Kaitangata Ward</i>	- elected 2013
Mr S.J. (Steve) Morris – <i>Balclutha Ward</i>	- elected 2013
Mr S.D. (Scott) McKenzie – <i>Clinton Ward</i>	- elected 2013
Mr I. R. (Icky) Carruthers – <i>Tokomairio Ward</i>	- elected 2013

## **Executive of the Trust & Service Providers**

Mr D.F. (David) KENNY – Chief Executive Officer

Mr W.J. (Wayne) FELTS – Operations & Purchasing Manager

· <b>TRUST ACCOUNTANT</b>	- Mike Wallace - Chartered Accountant - Gore
· <b>AUDITORS</b>	- Audit New Zealand - Dunedin
· <b>BANKERS</b>	- Bank of New Zealand - Balclutha
· <b>BANKERS - Credit line</b>	- ANZ Banking Group - Dunedin
· <b>INSURANCE BROKERS</b>	- AON New Zealand
· <b>SOLICITORS</b>	- Sumpter Moore - Balclutha

**HEAD OFFICE: 265 CLYDE STREET, BALCLUTHA 9230**

PHONE: 03 419 0021 FACSIMILE: 03 418 1493

Postal: P O Box 113 Balclutha 9240

Email: [mail@clt-trust.co.nz](mailto:mail@clt-trust.co.nz)

Website: <http://www.clt-trust.co.nz>



**Rosebank Lodge Motor Hotel - 265 Clyde Street, Balclutha.**

Phone: 03 419 0021 Fax: 03 418 1489  
Email: [manager@rosebanklodge.co.nz](mailto:manager@rosebanklodge.co.nz)  
General Manager: Mr James Turner

**Clutha Liquorland - 70 Clyde Street, Balclutha.**

Phone: 03 418 0099 Fax: 03 418 3160  
Email: [manager.clutha@liquorland.co.nz](mailto:manager.clutha@liquorland.co.nz)  
Manager: Mr Wayne Felts  
Assistant Manager: Mr Dave Thomson  
Shop Manager: Ms Kaye Moodie

**Hotel South Otago – 13 Clyde Street, Balclutha.**

Phone: 03 418 2100 Fax: 03 418 2116  
Email: [hotelsouthotago@xtra.co.nz](mailto:hotelsouthotago@xtra.co.nz)  
Manager: Mr Andrew de Geest

**White Horse Inn – 147 Union Street, Milton.**

Phone: 03 417 8049 Fax: 03 417 7278  
Email: [whitehorseinnmilton@xtra.co.nz](mailto:whitehorseinnmilton@xtra.co.nz)  
Manager: Mrs Michelle McLaren

**Oak Tree Inn – Hotel & Motel - Gorge Road, Clinton.**

Phone/Fax: 03 415 7007  
Email: [oaktreeinnclinton@xtra.co.nz](mailto:oaktreeinnclinton@xtra.co.nz)  
Manager: Mrs Carol Hill

**Bridge Tavern – Clyde Terrace Kaitangata.**

Phone: 03 413 9790 Fax: 03 413 9794  
Email: [bridgetavernkai@xtra.co.nz](mailto:bridgetavernkai@xtra.co.nz)  
Manager: Mr Lex & Mrs Andrena Mills

**Catlins Inn – 21 Ryley Street, Owaka.**

Phone: 03 415 8350 Fax: 03 415 8624  
Email: [catlinsinnowaka@xtra.co.nz](mailto:catlinsinnowaka@xtra.co.nz)  
Managers: Mrs Kama Anderson

## **Independent Auditor's Report**

### **To the readers of Clutha Licensing Trust's summary financial statements for the year ended 31 March 2014**

We have audited the summary financial statements as set out on page 1, which were derived from the audited financial statements of Clutha Licensing Trust (the Trust) for the year ended 31 March 2014 on which we expressed an unmodified audit opinion in our report dated 4 September 2014.

The summary financial statements comprise the statement of financial position as at 31 March 2014, and summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the summary financial statements that include accounting policies and other explanatory information.

#### **Opinion**

In our opinion, the information reported in the summary financial statements complies with FRS-43: Summary Financial Statements and is consistent in all material respects with the audited financial statements from which they have been derived.

#### **Basis of opinion**

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary financial statements and the audited financial statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 4 September 2014 on the audited financial statements.

The summary financial statements do not contain all the disclosures required for audited financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Trust.

#### **Responsibilities of the Trustees and the Auditor**

The Trustees are responsible for preparing the summary financial statements in accordance with FRS-43: Summary Financial Statements. The Trustees are also responsible for the publication of the summary financial statements, whether in printed or electronic form. We are responsible for expressing an opinion on those statements, based on the procedures required by the Auditor-General's auditing standards including the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the Trust.



Ian Lothian  
Audit New Zealand  
On behalf of the Auditor-General  
Dunedin, New Zealand  
4 September 2014